

MINUTES OF THE
CURRENT USE BOARD

DRAFT

DATE: November 22, 2013

LOCATION: Concord, NH

BOARD MEMBERS:

Senator David Pierce ~ *Absent*

Stephan Hamilton, NHDRA, Chairman

Lorraine Merrill, Commissioner, NH Dept. of Agriculture

Susan Francher, NHDRED, Forests and Lands

Lindsay Webb, NH Fish & Game

Scott Bartlett, Assessing Official, Population >5,000

Gary Karp, Assessing Official, Population <5,000 ~ *Absent*

David Tellman, Public Member, Forest Land ~ *Absent*

Chuck Souther, Public Member, Farm Land

Representative Janet Wall ~ *Absent*

Jon Wraith, UNH Life Science & Agriculture ~ *Absent*

Carol Andrews, NHACC

Tom Mullin, Assessing Official, City

Tom Thomson, Public Member

MEMBERS of the PUBLIC:

Jonathan Horton, NHDRED, Forests and Lands

Robert Johnson II, NH Farm Bureau

Jasen Stock, NHTOA

Tim O'Connell, SPACE

Chairman Hamilton convened the regular meeting of the Current Use Board at 9:36 a.m.

Minutes

Mr. Bartlett *motioned to accept the minutes of the January 16, 2013, rulemaking hearing as amended.* Ms. Andrews *seconded the motion.* No discussion. Chairman Hamilton called the motion to accept the minutes of January 16, 2013, as amended. Mr. Souther and Mr. Mullin abstained. *All others approved.*

Mr. Bartlett *motioned to accept the minutes of the October 28, 2013, regular board meeting as written.* Ms. Andrews *seconded the motion.* No discussion. Chairman Hamilton called the motion to accept the minutes of October 28, 2013, as written. Mr. Souther abstained. *All others approved.*

Proposed Assessment Ranges

Mr. Bartlett summarized the public forum held in Keene on November 18, 2013. A public member of the audience expressed concern with the low values of current use and taxes landowners were paying and suggested a minimum value. A Selectmen and the Director of Public Works from the Town of Hancock expressed concern with the current use rates decreasing resulting in the current use program not paying its fair share of the taxes. The current use tax along with the collection of land use change tax and timber tax were not enough to offset the cost to maintain the roads in the Town, roads used in particular for logging operations, which need additional maintenance due to damage caused by the significant weight of the trucks.

Also at the Keene forum, Mr. McKenney, a consultant forester and representing the NHTOA, spoke to the expense issue and offering to work with the subcommittee to help collect cost information. In addition, Mr. McKenney recognized the town's responsibility in general to make sure owners in current use were in full compliance, that the records were accurate and up-to-date and stewardship plans were on file, and this would help the equity issue among taxpayers.

Mr. Souther made a comment about the concerns heard at the Keene public forum and the purpose of the current use program, which is to protect land from development and to provide a public benefit, not to produce a crop or private tax benefits. He added, however, that he does understand the challenge small towns have with so much of their land in current use. Chairman Hamilton added there is an opportunity to provide more effective education for municipal officials and taxpayers on both the purpose and public benefits the current use program inspires.

Mr. Bartlett indicated the concern he heard was about the decline in property taxes coming in from current use. He acknowledged there is a trend; property taxes are going up while the current use assessments are decreasing, therefore the concern. The other side of the issue is even if the current use rates were doubled, it would not make much of a difference in the tax rate. Mr. Bartlett stated this is something the board needs to be aware of and suggested it be looked at in the future.

A brief discussion took place about the efforts that have been made to obtain cost information from foresters and landowners. The stewardship plan is only one element of the expenses that need to be collected, understood and recognized. There is numerous expense data to collect such as boundary maintenance issues and roadway maintenance, survey work and legal work, etc.

Chairman Hamilton summarized when developing a value for property, it is important to understand what is happening in the market and make adjustments accordingly whether it be residential homes or current use land. In the case of current use you would want to observe the sale of the rights to cut and harvest timber to develop a proxy for this type of right. Adjustments need to be made that make sense to the market place, as well as applying experience and knowledge, which Chairman Hamilton stated the members of the board have considered and done. Discussion continued pertaining to expense information and consideration and the development of the current use values.

Ms. Francher stated the board recognizes the concern about the decrease in the difference between the forest land and stewardship categories. Having received limited data pertaining to expenses, the confidence that the data received represents all current use landowners is small. This is what led to the forestry subcommittee to consider whether or not to continue to rely on expense data that may not be as representative as it should be statistically or whether the board consider a different way to recognize the additional cost of having land in documented stewardship, such as a percentage, much like the recreation discount.

Chairman Hamilton stated historically the process where we determine the ranges begins by calculating the midpoint range of the values and then applying a 20% plus or minus to develop the range; a process for which there is no market, study or analysis to support. The adjustment the board is proposing adjusts for two concerns we have heard. One, it will more predictably hold the difference between the forest land and documented stewardship categories and two, to protect the very low-end of the range of value.

Mr. Thomson asked what the consequence might be moving forward with the proposed 40% adjustment and then next year, using data received from a sampling and change the process. Would it be worth waiting until next year to implement a change?

Mr. Bartlett suggested, rather than using one percentage adjustment of 40%, using a 30% adjustment for the white pine category, using a 40% adjustment for the hardwood category and a 50% adjustment for the all other category. Doing this would smooth out the changes and cause a less dramatic change. A brief discussion followed.

Chairman Hamilton restated the proposed changes to the assessment ranges for forest land with and without documented stewardship and the assessment change for the unproductive and wetland categories.

Cub 304.07 Assessment Ranges for Forest Land Categories. The assessment ranges for forest land categories without documented stewardship shall be as follows:

- (a) The category of white pine shall ~~[\$118 to \$177]~~ **\$105 to \$158** per acre;
- (b) The category of hardwood shall be ~~[\$43 to \$65]~~ **\$40 to \$61** per acre; and
- (c) The category of all other shall be ~~[\$31 to \$47]~~ **\$30 to \$45** per acre.

Cub 304.08 Assessment Ranges for Forest Land Categories with Documented Stewardship. The assessment ranges for forest land categories with documented stewardship shall be as follows:

- (a) The category of white pine shall be ~~[\$87 to \$131]~~ **\$63 to \$95** per acre;
- (b) The category of hardwood shall be ~~[\$21 to \$32]~~ **\$24 to \$36** per acre; and
- (c) The category of all other shall be ~~[\$10 to \$15]~~ **\$18 to \$27** per acre.

Cub 304.13 Assessment Range for Unproductive Land. The assessment for unproductive land shall be ~~[\$10]~~**18** per acre.

Cub 304.14 Assessment Range for Wetland. The assessment for wetland shall be ~~[\$10]~~**18** per acre.

Mr. Thomson *motioned to go forward into rulemaking with proposed changes to Cub 304.07 Assessment Ranges for Forest Land Categories and Cub 304.08 Assessment Ranges for Forest Land Categories with Documented Stewardship*. Ms. Francher *seconded the motion*. Mr. Souther asked for clarification that the ranges for the forest land categories were produced from the model and the ranges for the documented stewardship categories were +/- 40%. Ms. Francher responded that was correct. Mr. Souther asked what the ranges for the documented stewardship categories were from the model. Ms. Francher stated should the board have followed the model the white pine category would have been [\$76-\$114] per acre, hardwood [\$19-\$29] per acre and the all other category [\$10-\$15] per acre causing the unproductive and wetland categories to be [\$10] per acre. No further discussion. Chairman Hamilton called the motion. Mr. Souther opposed. *All others approved.*

Chairman Hamilton restated the proposed reference change to Cub 309.04, Form CU-12, Summary of Forest Stewardship Plan for Current Use Assessment.

Cub 309.04 Form CU-12, Summary of Forest Stewardship Plan for Current Use Assessment

- (b) Form CU-12 shall be accompanied by:
 - (3) A summary of all information required by Cub 304.09(a)(3)~~[b]~~c.

Mr. Bartlett *motioned to go forward into rulemaking with the proposed change to Cub 309.04 Form CU-12, Summary of Forest Stewardship Plan for Current Use Assessment*. Commissioner Merrill *seconded the motion*. Chairman Hamilton called the motion. *All Approved.*

A brief discussion took place as to how expense information would be collected from foresters. The DRED and DRA do not have the monetary resources need to collect this information. Mr. Stock expressed confidence that this information could be collected by putting a program together at a minimal cost. The current use program is important enough to the industry and the foresters recognize that if it will take a day or two to look at a sampling to get a handle on the cost question, it could be done at a reasonable rate.

The Current Use Board requested assistance from the NHTOA and the NH Farm Bureau to work together to obtain this information. Ms. Francher, Chairman Hamilton and the subcommittee will work with Mr. Stock and the resources he can make available as well as resources the subcommittee can find to accomplish this.

Ms. Francher asked if any members would like to be on the subcommittee. Mr. Mullin and Ms. Webb offered to be on the subcommittee.

Chairman Hamilton indicated a rulemaking hearing will be scheduled within the first few weeks after the first of the year.

Ms. Andrews will be retiring from her position at the NHCC and therefore leaving her position on the board. Chairman Hamilton thanked her for her service on the board especially through some challenging times. Ms. Andrews thanked the board for their dedication in making this a real process for setting the rates for current use.

Ms. Francher ***motioned to adjourn.*** Mr. Bartlett ***seconded the motion.***

Chairman Hamilton adjourned the meeting at 11:05 a.m.

Respectfully Submitted, Stephanie Derosier

NH Department of Revenue Administration – Municipal and Property Division

Documentation relative to the Current Use Board may be submitted, requested or reviewed by:

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In person at 109 Pleasant Street, Concord
In writing to:
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Current Use Board
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